



AUDIT COMMITTEE

APRIL 15, 2021

BY ZOOM MEETING:

[HTTPS://UNH.ZOOM.US/J/93143352959](https://unh.zoom.us/j/93143352959)

MEETING MINUTES

Draft for Approval

Committee members present: Chair Alexander Walker, Vice Chair Wallace R. Stevens, Amy Begg, M. Jacqueline Eastwood, Shawn Jasper

Other Trustees present: Melinda Treadwell, Sen. James Gray, Tyler Minnich, James Burnett (joined at 1:20 pm)

Other participants: (USNH) Karyl Martin (joined at 1:03 pm), Ashish Jain, Kara Bean, Tia Miller, David DeLuca, Francine Ndayisaba; (GSC) Peter Conklin (joined at 1:11 pm); (UNH) Andy Glode, Wayne Jones; (PSU) Katie Caron; (KSC) Ken Cody, Ralph Stuart, Michele Stone; (Governor's Office) Jonathan Melanson; (CLA) Andy Lee, Luke Winter

I. Call to Order

At 12:30 p.m., Committee Chair Walker called the meeting to order. Chair Walker called the roll and noted the presence of a quorum sufficient for the conduct of business.

II. Determination of Conditions Necessary for the Conduct of a Telephonic Meeting

Chair Walker made the following announcement regarding the conduct of a telephonic meeting and counting all members toward the quorum requirement whether or not physically present in the meeting location:

This meeting is being held by electronic means in conformance with the Governor's emergency declaration of March 13, 2020, and subsequent emergency orders, as well as the applicable provisions of the New Hampshire Right-to-Know Law, RSA 91-A. If during the conduct of this meeting, anyone has difficulty connecting or staying connected to the video or audio feed please contact Tia Miller at 603-862-0918 or email tia.miller@usnh.edu.

III. Approval of Consent Agenda Items

Chair Walker asked the committee members if they had any comments or questions about the consent agenda items; there were none. On motion offered by Trustee Stevens and duly seconded, the committee voted to approve the consent agenda.

Items on the consent agenda appear below:

- A. Minutes of January 21, 2021 Meeting
- B. Internal Audit Reports Issued:
 - 1. USNH Purchasing Card and Disbursement Transactions Match Audit Report
 - 2. UNH Mandatory Fees Audit Report
- C. UNH NCAA Agreed Upon Procedures Report

IV. Items for Committee Consideration and Action

A. Approve appointment of CliftonLarsonAllen (CLA) as external auditors and CLA's Fiscal Year 2021 audit plan covering USNH financial statements and federal awards under the Uniform Guidance

Mr. Jain briefly reviewed CLA's engagement. CLA was selected by the Audit Committee and the Board of Trustees in Spring 2020 for a term up to seven years to audit the consolidated financial statements and associated schedule of expenditures of federal awards of USNH. He introduced Andy Lee, Engagement Principal, and Luke Winter, Manager, from CLA.

Mr. Lee gave the status of FY20 Uniform Guidance Single Audit. Due to the COVID-19 pandemic, compliance supplements were released much later than usual, which resulted in a delay of the single audit report. The report is expected to be completed by the end of the month.

Mr. Lee reviewed the FY21 audit plan including audit scope and deliverables, audit timing and fees, and responsibility overview. The timeline has been discussed with management. The FY21 single audit is expected to be timely completed. Fees will increase slightly if testing of additional Type A Major Programs are necessary. In response to a question from Chair Walker, Mr. Lee stated that additional guidance inclusive of CARES funds is expected to be released this summer. In response to a question from Trustee Stevens, Mr. Lee stated that the FY20 audit was done completely remotely with no technology-related interruptions. CLA is prepared to do the FY21 audit remotely or face to face.

Mr. Winter discussed the audit plan and risk assessment, fraud considerations, governance input, questions for the committee, higher education industry trends, impact of COVID-19, and new accounting standards. Risks that are assessed include fraud risks, control risks, inherent risks and detection risks. Auditors will occasionally test controls to get an understanding of controls in order to lower the risks. Inherent risks include account types that are risks due to the nature of the account such as cash/investments, pensions and OPEB liability. New tests are conducted annually to mitigate detection risks, avoid familiarity with the audit process, and detect anomalies.

Materiality's such as performance materiality is conducted to determine a cumulative threshold which may require a prior year adjustment.

Management and CLA will be discussing anticipated results for the FY21 audit and fraud concerns. Committee members and management are encouraged to reach out to CLA with any fraud concerns or knowledge. Ms. Eastwood noted that COVID-19 labs should be added to the list of topics.

As expected, the COVID-19 pandemic had a significant impact on housing, student retention, relief programs (such as HEERF I, HEERF II, HEERF III, PPP loans) and the trend is expected to continue. CLA will be flexible with management for any audit implications (timing, approach, process). In response to a question from Chair Walker, Mr. Lee stated that USNH's control structure is strong, noting the flexibility and quick response time from Ms. Ndayisaba and her team. A lesson learned from last year's audit was the importance of establishing strict deadlines and accountability.

Mr. Winter briefly discussed Leases GASB No. 87, a new accounting standard effective for the year ending June 30, 2022. He noted that compliance with this standard will be a significant project which has been discussed with management.

Lastly, Mr. Winter pointed out COVID-19-related and other resources available to the committee.

Chair Walker thanked CLA for their work.

The following motion was made by Trustee Eastwood, duly seconded, discussed, and approved by roll call with no votes abstained or dissenting.

***VOTED**, on recommendation of the Chief Administrative Officer, that CliftonLarsonAllen LLP be confirmed as the external auditor for the University System of New Hampshire to provide audit services related to activities of fiscal year ending June 30, 2021.*

B. Enterprise Risk Management (ERM) Annual Report and Assignment of Risks

Mr. Jain explained that this motion is part of the formal process for Board committees to monitor the top 10 risks identified in annual ERM report. He reviewed the report and highlighted the top 10 system-wide risks which are financial health, enrollment, restructuring, IT and security, change management, talent management, compliance, academic programs, campus safety and communications.

In response to a question from Trustee Stevens regarding leveraging ERM during strategic planning, Mr. Jain noted that strategic risks were considered while developing top risks, and ERM risks should be considered during strategy planning. He explained the role of a ERM champion and their liaison with the Administrative Board. Mr. Jain shared the Board Oversight Responsibilities document with the committee (included in the meeting materials) which has also been shared with the Administrative Board. Going forward, the Administrative Board plans to review these risks periodically and report back to the assigned committee.

Chair Walker stated that he would like to do a “deeper dive” into one of the risks at the next meeting, focusing on crisis response. He requested that a responsible official be asked to discuss this topic with the committee.

The following motion was made by Trustee Eastwood, duly seconded, discussed, and approved by roll call with no votes abstained or dissenting.

***VOTED**, on recommendation of the Chief Administrative Officer, that the Audit Committee recommends to the Executive Committee the adoption of the following motion:*

MOVED, on recommendation of the Audit Committee, the Executive Committee hereby formally assigns the top 10 systemwide risks identified in the 2021 annual ERM report to the appropriate Board committees, as specified in the attachment, for purposes of oversight.

V. Items for Committee Consideration and Discussion

A. Receive USNH Council on Environmental Health & Safety Annual Report

Andy Glode, Interim Director and Chair of the USNH Environmental Health & Safety Council, explained the mission and makeup of the Council, and gave a brief overview of the Council, programs in place and compliance status at each campus. He noted that Brad Manning retired earlier in the year after dedicated service to USNH and UNH.

Mr. Glode discussed updates at UNH, noting that a majority of time was spent on activities related to the COVID-19 pandemic. OEHS conducted a rigorous review of research proposal safety protocols to enable safe re-initiation of research programs after the initial outbreak of the COVID-19 pandemic. UNHCEMS was critical in assisting the University with continuity of operations during the pandemic. Active users in the UNHCEMS system have increased by 10K in one year (18,874 active users as compared to 8,717 active users from 2019 which is the greatest increase ever). OEHS staff participated in advisory committees designed to facilitate communication and advise leadership during the pandemic, including the Testing and Tracing Committee, Incident Response Team, Signage Committee, Facilities Adaptation Planning Team, and Ventilation Working Group. OEHS provided expert technical support for construction and planned operations of two new COVID-19 testing laboratories at UNH. OEHS reviewed construction documents, specifications for biosafety cabinets, room ventilation, emergency equipment and provided extensive input during the CLIA certification process. UNH OEHS continued to provide support for the ongoing laboratory heating and ventilation system renovation in Rudman hall laboratories. This support has included on-site personnel safety training, program review, and technical services including specialized chemical fume hood commissioning testing. The Research Office purchased software for managing research grant awards and many regulatory aspects that go along with grant compliance. OEHS participated in software design, development of supporting materials and implemented a “soft” roll out. Lastly, OEHS established a simple method of conducting home office workstation assessments using Zoom, Facetime, and/or the exchange of photos via email.

Katie Caron, Environmental Health and Safety Director at PSU, updated the committee regarding environmental health and safety at PSU. OEHS co-led PSU's COVID-19 Rapid Response Team (RRT), a group comprised of an interdisciplinary team of professional staff and faculty who managed complex operations and developed University-specific COVID-19 policy and protocols regarding safety, security, testing and tracing. The EHS Director is responsible for campus wide testing initiative and contact tracing functions. The Director is the University's liaison with State of NH Public Health and reports positive cases, discusses close contacts, and documents identified clusters. In addition, the Director participates on weekly meetings as part of the USNH (PSU) team with top state of NH Public Health Officials. These meetings present a good opportunity for strategic discussions. Due to the priority of the Pandemic response (staffing and resources) PSU was unable to improve upon its overall compliance status reported in 2019. PSU plans to work with a 3rd party consultant to identify and prioritize program gaps or plans for improvement. In addition, there is a proposal to fill the EHS position vacancy in calendar year 2021. Fulfillment of this position should help improve overall compliance status.

Ralph Stuart, Environmental Health & Safety Manager, discussed updates at KSC. The KSC EHS office played a supporting role in addressing the technical questions that arose in the campus COVID-19 planning work, particularly about personal protective equipment and ventilation on campus. In doing this work, the office partnered with facility and academic offices across campus while monitoring national technical discussions about the pandemic to address concerns. In order to prioritize remediation of concerns about regulatory compliance, the office hired a consultant to conduct a third-party review of KSC's compliance status. The EHS Office continues to contribute to Keene State's academic mission by direct involvement with student education. In 2020 and 2021, six student interns have been employed in the office to address Covid operational needs as well as on going compliance activities. In the spring of 2020, the EHS manager taught an undergraduate course in the safety program. Four of our six 2020 interns have been recruited in this way.

In the interest of time, Mr. Glode provided updates for GSC and the System Office, updates regarding joint environmental health and safety, and legislative and rulemaking activities.

EHS planning at GSC was focused on responding to the COVID-19 pandemic. On March 18, 2020, GSC went remote with administrative staff, faculty, and academic programming. Pandemic mitigation planning was instituted for the essential staff that still had to access GSC Facilities. A bi-weekly COVID-19 status update was presented to the College with important information on health and safety guidance from public health professionals. Routine safety work like ergonomic evaluations had to be adapted to remote/distance modalities. Through a partnership with UNH Police, GSC has revised the Emergency Operations Plan (EOP) to mirror the general format of the UNH plan. A tabletop exercise to test the EOP was conducted on December 7, 2020 with UNH Emergency Management.

At the System Office, in addition to routine updates, workspaces have been modified to reduce the risks of COVID-19 transmission through physical barriers and spacing of employees. Clear signage with CDC guidelines has been posted. Ventilation has been increased, chairs and tables have been removed in higher-risk areas such as the kitchen and conference rooms. In-office staff

has been reduced and the use of communal items has been limited. In-office staff participate in weekly COVID-19 testing.

USNH EH&S Council's joint projects included collaboration with KSC, PSU and UNH to respond to the COVID-19 pandemic. Lead by Katie Caron, council member institutions collaborated on a COVID-19 Safety Training for essential staff and students. UNH and PSU participated in the USNH Personal Protective Equipment Initiative. Members provided input on plans with USNH Procurement Services Office to bulk purchase personal protective equipment (PPE) for the component institutions. PPE included N95 respirators, masks, masks with face shields attached, face shields, nitrile gloves and Tyvek suits. The bulk purchase also includes temperature scan thermometers, hand sanitizer and sanitizing wipes.

The Council provided system-wide review and comment at various stages of the rulemaking process for new or revised health and safety rules which might impact campus operations, and reviewed proposed bills being considered by the general court, providing input regarding the potential impact to campus operations. There were no significant rule changes in 2020.

Committee members expressed appreciation for the Council's work.

B. Review USNH Conflict of Interest Policies and Related Management Processes

Due to time constraints, this topic was not discussed. Committee members may contact Mr. Jain with any questions or concerns.

VI. Non-Public Session

At 1:43 p.m., on motion moved by Trustee Jasper and duly seconded, the committee voted unanimously by roll call to go into non-public session for the purposes indicated:

VOTED, that the Audit Committee go into non-public session for the purpose of discussing: (1) matters which if discussed in public would likely affect adversely the reputation of a person or persons, who are not members of this committee, (2) confidential, commercial, financial, and other information the disclosure of which would constitute a breach of privacy, and (3) consultation with legal counsel as authorized by RSA 91-A:2, I(b); 91-A:3, II(c), (i), and (l); and 91-A:5, IV.

At 2:02 p.m., on motion moved by Trustee Eastwood and duly seconded, the committee voted unanimously to return to public session. Chair Walker announced the committee did not take any votes or make any decisions while in non-public session.

VII. Other Business

There being no further business, the meeting adjourned at 2:02 p.m.

-- End of Audit Committee Meeting Minutes --